

## Budget Guidance for Substance Abuse Prevention Projects

### □ Budget Structure

The proposed Prevention budgets are expected to define revenue and spending which support the work plan. The Division of Substance Abuse (DSA) disburses funds through expense reimbursement contracts, under which contractors spend their own money first and ultimately settle to actual cost at year-end. While proposed budgets can be reasonably accurate, they are estimates and may differ from the actual expenditures during the year. DSA requests that projected budgets reflect revenues from all sources including State appropriations, federal grants and local sources (Column C of the Project Budget and Financial Report form).

Spending occurs in three broad categories: Personnel, Operating and Indirect. For our purposes, Operating contains three major components related to purpose of expenditures (see below) which we feel are important and need to be budgeted and monitored throughout the year.

1. Personnel
2. Operating:
  - Implementation of the prevention work plan;
  - Evaluation and Planning
  - Support (facility, office, equipment)
3. Indirect Cost

DSA, therefore, requests the personnel costs and three categories of operating costs be defined in line items. Line items should be described in a narrative, justifying the cost of each line item. (See "Narrative Justification Document for Substance Abuse Prevention Projects" following this section.) **Your dollar entries on the Project Budget and Financial Reporting Form ( PBFR) may be limited to summary totals for these five categories, provided only that the line item expenses under each category are well detailed in the Justification.**

### □ Budgeting Phases

In the **planning** phase (P&B), budgets are requested, and approved, at a detailed level of information and justification -- i.e., the line items of expenditure. Approval is based on careful review of these details. There should always be a clear correlation between the work plan and the budgeted line items, which fund a particular task. The budget and work plan then become components of the contractual agreement between the contractor and the DSA.

In the **actual** phase (throughout the state fiscal year), each quarterly Project Budget & Financial Report Form is monitored by the Division to see that

expenditures are within and consistent with the approved budget, and are consistent with the work plan.

#### ❑ **Local Financial Management Decisions**

DSA attempts to allow local contractors to exercise discretion in making necessary budget adjustments and amendments as the fiscal year proceeds. Shifts in funds can be made. Any shifts in funds that exceed the greater of \$1,000.00 or 10% of the dollar amount of the receiving component within the three major components of Operating or the major categories of Personnel, Operating and Indirect must have prior approval of DSA before the expenditure is made. **At no time can funds be shifted into the Indirect Costs category nor can they be shifted out of the Personnel category without prior written approval from the Division of Substance Abuse.** If approved, an amended PBFR must be submitted with justification for the change.

#### **EXAMPLES**

Example: As the year unfolds a local manager may discover that more money was budgeted for travel than is actually needed, whereas meetings are costing more than was expected and budgeted. Both are line item-level costs within the category of "Prevention Implementation," so both are flexible. The local manager may spend surplus travel budget to cover meeting costs. In this local management decision the budget is not changed, but rather, spending is managed.

Example: In the last quarter of the fiscal year a contractor may notice that Personnel outlays are going to exceed budget because of advertising to fill a staff vacancy. At the same time it has become apparent that a surplus will occur in the "Support" category of Operating due to lower-than-expected spending. The local manager has the flexibility to use some of the excess Operating funds to cover the Personnel overrun. Since this shift is from one category to another, it must not exceed 10% of the approved Personnel budget (the receiving category). In this case also, spending is managed without any need to modify the budget or obtain pre-approval of DSA.

#### ❑ **Indirect Cost**

The allowable indirect rate for a CMHC is calculated by DMH/MRS and can be found in the Plan and Budget Instructions.

#### **Narrative Justification Document for Substance Abuse Prevention Projects**

In order for your prevention budget to be approved, you must provide detailed explanation for proposed expenditure line items summarized within categories on the "Project Budget and Financial Report."

Contractors are expected to complete the "Project Budget and Financial Report" form (PBFR) which summarizes the cost categories. Contractors are expected to complete a Narrative Justification form. For each item in the Narrative Justification document, indicate the budget category and line number of the PBFR that correlates to that item. **The Narrative Justification Document must accompany the PBFR for all prevention programs.**

Contractors are asked to submit the following items in detail. **You must indicate the PBFR line(s) on which these costs will appear for each item (i.e. a cross-reference that shows where these expenditures will be placed on the quarterly PBFRs). You must ensure that we can compare quarterly expenditures to the three operating categories described below.**

### **1. Personnel Related Expenses**

- a) List each position's **title, salary, & percent of salary** charged to this contract;
- b) Enter the sum of all salaries on DMH/MR's Project Budget & Financial Report Form.
- c) Attach for each position:
  - 1. Incumbent's name,
  - 2. Degree(s) held,
  - 3. Certified Prevention Professional (CPP) status
  - 4. Years in prevention,
  - 5. Hire date at this project or facility (confidentiality option: these five items may be separate and sealed), and
  - 6. Percent of individual's total salary charged to this budget
- d) List the percentage of total fringe benefits to total salaries and compute amount.
- e) If applicable, explain amount budgeted for other Personnel-related cost (e.g., contractual staff augmentation; staff recruitment advertising; etc) This cost may also be included within PBFR line 1.

### **2. Operating Expenses**

- a) **Expenses related to implementation of the prevention work plan may be summarized on the PBFR form. The justification must detail at least the following:**
  - 1. Itemize the cost of prevention intervention curricula, booklets & materials,
  - 2. Itemize the cost of prevention-related professional development, education and training materials

3. List all prevention-related travel costs.
4. Cost of meetings (strategic planning/budgeting, coalition development, etc.
5. Other work plan implementation-related cost [describe specifically].

**b) Expenses related to performance/outcomes measurement (evaluation, needs assessment, etc.) may be summarized on the PBFR form. The justification must detail at least the following:**

1. Cost of intervention evaluation instruments and protocols, pre/post tests, etc.
2. Cost of sample survey questionnaires and related costs.
3. Other performance/outcomes-related cost [describe specifically].

**c) Expenses related to general support for both evaluation and implementation of the prevention work plan may be summarized on the PBFR form. The justification must detail at least the following:**

1. Facility - Floor space (show price/value per square foot times square feet occupied).
2. Other facility cost [describe specifically].
3. Utilities (electricity/water/sewer/telephone/FAX/internet/etc.) total cost or cost share.
4. Other utility cost [describe specifically].
5. Office - General office supplies (Postage and shipping)
6. Other office cost [describe specifically].
7. Equipment - New/replacement equipment purchase(s), equipment maintenance/ repair costs.
8. Other equipment cost [describe specifically].

**d) Expenses related to prevention subcontracts (optionally, subcontract expenses may be shown in the justification for personnel or the three operating categories as applicable):**

**All subcontracting related to prevention.** Provide specific detail explaining need of subcontract(s) for, as applicable: Personnel augmentation; Implementation of Work Plan; Performance/Outcomes measurement; Prevention Support. Define and highlight any subcontracts related to evaluation of the program such as survey administering costs, data analysis, reporting, and need (re)assessment.

### **3. Region-wide Indirect Cost**

Show percentage rate authorized by DMHMR and your computation of budget for indirect administration.

Since prevention services are not ordinarily benefited by clinical costs, all clinical charges for which the agency seeks reimbursement must be presented in detail in order to determine whether they will be reimbursed. Approval may be granted on a case-by-case basis.

For the amount of total expenses of the prevention program, please indicate sources of total revenue to include detail on all local funds available in addition to the DMH/MR funding request.

**Division of Substance Abuse**  
Department for Mental Health and Mental Retardation, Cabinet for  
Health Services

JUSTIFICATION GUIDANCE SAMPLE

**GUIDANCE & CONTENT EXAMPLES**  
  
**for preparing a**  
  
**PREVENTION BUDGET JUSTIFICATION**

applicable for:

**Champions**  
**Regional Prevention Centers**  
**Prevention Enhancement Sites**  
**Early Intervention / Juvenile Justice**  
**Selected Other Prevention Programs**

**\*Note: Applicants to the Kentucky Agency for Substance Abuse Policy seeking status as a KY-ASAP Local Board are not required to submit the level of detail presented in this SAMPLE, and should carefully follow the guidance for local board applications. This SAMPLE presents background and examples that can be useful for applications of all types.**

**IMPORTANT:** This sample contains item examples relating variously to all kinds of prevention programs, and some of the examples relevant for certain prevention programs may be less relevant for others (for example, most Champions budgets do not have Personnel cost). ***Ignore any Line Item examples that are not relevant to your particular prevention program.***

The **Justification** for a budget request is written to *explain* how each dollar amount was arrived at, and why the requested dollars are needed to carry out the proposed work plan. Justifications submitted with funding applications should be comparable to this sample while incorporating such adaptations as may be applicable for each particular applicant.

## JUSTIFICATION

In the event this Budget Justification becomes separated from the dollar request form, its identification is:

Contractor NAME (& DMHMR Region if applicable):

\_\_\_\_\_ RPC      \_\_\_\_\_ Champions      \_\_\_\_\_ Early Intervention/JJ  
 \_\_\_\_\_ KY-ASAP      \_\_\_\_\_ Other

### PART I: PROPOSED EXPENDITURES

#### 1. PERSONNEL

**a) Line Item: Salaries** [Note: This is merely an example; it does not imply a recommended staffing pattern.]

All four salaries include a 4% raise on the incumbent's annual employment anniversary. In the current highly competitive job market, annual salary increase is deemed essential to retain these professional staff with their valuable experience, job knowledge, and training at considerable invested expense over several past years.

#### **EXAMPLE Line Item: Salaries**

Position Title	Staff Name (% of Salary), CPP Status, Highest Degree Held, Years Prevention Experience, Hire date at this Agency	Salary charge to this contract
1. RPC Director	Jane Smith (100%), CPP, MA, 5 yrs. in prevention, hired at RPC 7/15/97	\$ 37,832.29
2. Youth Prevention Specialist	Evan Graham (100%), MAE, 1 yr. in prevention, hired at RPC 1/1/98	30,993.04
3. Adult Prevention Specialist	Jennifer Byerly (100%), BA, hired at RPC 5/1/02	27,810.22
4. Office Manager/Secretary	Judy Cary (100%), HS, 1 yr. in prevention, hired at RPC 6/15/01	20,609.89
<b>Total Salaries</b>		<b>\$117,245.44</b>

#### **b) Line Item: Fringe Benefits**

**EXAMPLE:** Benefits package assessed at 23.8% of total salaries includes FICA (Social Security and Medicare), health insurance, Worker's Comp, Unemployment Insurance, life and disability insurance, and retirement contribution. Vacation and sick leave costs within salaries budget are part of the total employee benefit package.

\$117,245.44 salaries x 23.8% = **FRINGE BENEFITS** **\$27,904.41**

**c) Line Item: Other Personnel****EXAMPLE Line Item Cost: Other Personnel**

<b>Personnel</b>	<b>Cost</b>
1. CONTRACT EMPLOYEE: Trainer Assists in delivery of Prime for Life training to various adult and high-risk audiences.	\$23,600.00
2. Advertising to recruit fulltime Prevention Specialist (expected vacancy)	1,510.00
<b>Total Other Personnel</b>	<b>\$25,110.00</b>

**TOTAL PERSONNEL COST.....\$170,259.85**  
**(58% of \$293,654 Total Budget)**

**2. OPERATING****a) Category: Prevention Implementation and Operations** (*costs other than salaries and fringe*)

Costs for the following prevention programs and interventions, and the activities associated with implementing these and other prevention infrastructure, are integral for meeting the 25 objectives specified in our annual work plan approved by the Division of Substance Abuse. Each cost line item under this subsection directly relates to one or more of the activities described in the contracted scope of work. A planning crosswalk showing the interrelationship of each budget line item to planned work activities was developed in preparing this budget and is available for review.

**Typical Line Item Cost: Prevention Intervention Curricula and Materials****EXAMPLE**

<b>Prevention Intervention Curricula and Materials/Quantity</b>	<b>Cost</b>
1. Prime for Life: Booklets/96 parents	\$960.00
2. Strengthening Families Program training materials and tests	480.00
3. Reconnecting Youth (curriculum cost)	2,400.00
4. Second Step curriculum (for loan to schools)	1,000.00
5. Materials to support environmental strategies by agencies in all counties	1,200.00
6. Incentive matching funds to stimulate community sponsors of: Prevention message billboards Radio spots TV spots Newspaper ads	3,650.00 4,250.00 4,500.00 2,600.00
7. Awareness materials to support 7 <sup>th</sup> grade Project Northland activities	200.00
8. Recognition to businesses supporting reduced youth access to alcohol	100.00
9. Safe Homes brochure	500.00
<b>Total Intervention Curricula and Materials</b>	<b>\$21,840.00</b>



**Typical Line Item Cost: Prevention Activities and Costs Not Related to a Specific Intervention**

**EXAMPLE**

<b>Prevention Activity</b>	<b>Cost</b>
1. Coalition development Office supplies, printing, postage, and displays YWCA booklet	\$1500.00 500.00
2. Regional Champions meetings fee	200.00
3. Tri-County Coalition board meetings (Room rental and refreshments \$125/meeting for 12 monthly meetings)	1,500.00
4. Community mobilization meetings (Room rental and refreshments \$125/meeting for 12 monthly meetings)	1,500.00
<b>Total Activities and Costs Not Related</b>	<b>\$5200.00</b>

**Typical Line Item Cost: Education and training in specific interventions (staff and/or other persons)**

**EXAMPLE**

<b>Education and Training</b>	<b>Cost</b>
1. Prime for Life training for Youth Prevention Specialist	\$560.00
2. Prime for Life cost to train community partner (includes travel)	1,950.00
3. Project ALERT TOT training for 16 school district personnel at one event	1,936.00
4. Smart Moves training for after-school program staff at FRYC	4,000.00
5. Scholarships to retailers for TIPS training	1,000.00
<b>Total Education and Training</b>	<b>\$9,446.00</b>

**Typical Line Item Cost: Professional Development, Library, Education, Training not related to specific interventions**

**EXAMPLE**

<b>Development, Library, Education, or Training</b>	<b>Cost</b>
1. Staff attendance at Kentucky School on Alcohol and Other Drug Studies	\$1,454.00
2. FACE environmental strategy training: presenter fee	200.00
3. Prevention Library maintenance: books, brochures, videos subscriptions to journals, newsletters and magazines	2,150.00
4. Staff dues for memberships in professional prevention organizations*	900.00
* These memberships include several benefits, including frequent state-of-the-art updates that are vital for helping prevention staff keep abreast of scientific and professional developments in the field of substance prevention.	
<b>Total Development, Library, Education, or Training</b>	<b>\$4,704.00</b>

**Typical Line Item Cost: Printing services purchased  
EXAMPLE**

<b>Printing Service</b>	<b>Cost</b>
1. Reproduction costs for final survey report and needs assessment update	\$220.00
2. 8,000 prevention service community awareness brochures	206.00
3. 20,000 general ATOD prevention brochures for Champions use	510.00
4. Champions booklet (100 copies for members and recruitment)	285.00
<b>Total Printing Service</b>	<b>\$1,221.00</b>

**Typical Line Item Cost: Travel within region  
EXAMPLE**

<b>Travel</b>	<b>Cost</b>
1. Multiple trips to all counties in region by Youth Prevention Specialist developing local capacity to deliver various prevention interventions: Projected 2,200 miles @ \$.25 per mile	\$550.00
2. Travel to counties by Adult Prevention Specialist developing local capacity to deliver various prevention programs: Projected 1,600 miles @ \$.25 per mile	400.00
3. Travel to all counties in region by Prevention Director concerning evaluation and needs assessment: Projected 650 miles @ \$.25 per mile	162.00
<b>Total Regional Travel</b>	<b>\$1,112.00</b>

**Typical Line Item Cost: Travel out of region  
EXAMPLE**

<b>Travel</b>	<b>Cost</b>
1. State Champions Coalition Conference Registration Lodging Mileage Stipend	\$450.00 900.00 290.00 360.00
2. National Prevention Network conference Registration Lodging Mileage Stipend	1,000.00 945.00 195.00 360.00
3. Teen Leadership Conference Registration Mileage	1,125.00 375.00

4. Six Prevention Directors Meetings Lodging @\$85.00 Meals @ \$20.00 245 miles/trip @ \$.25 per mile	510.00 120.00 367.50
5. Two KIP-related meeting in Frankfort Meals 190 miles/trip @ \$.25 per mile	24.00 95.00
6. Prevention Director 2-day Prevention Workshop in Lexington Lodging Meals 220 miles @ \$.25 per mile	75.00 30.00 55.00
7. New Prevention Specialist to 5-day Prevention Academy Lodging @ \$85.00 Meals @\$20.00 245 miles @ \$.25 per mile	425.00 100.00 61.25
8. Unscheduled travel to events sponsored by Division of Substance Abuse	200.00
<b>Total Non-Regional Travel</b>	<b>\$8,062.75</b>

**Typical Line Item Cost: Subcontracted activities in support of prevention programming** **EXAMPLE:** None.

**Subtotal Prevention Implementation Costs: \$51,585.75 total cost**

**b) Category: Performance/Outcomes Evaluation, Needs Assessment, Planning & Budgeting** *(costs other than salaries/fringe)*

Budgeted survey items are essential for 1) a general student population survey, which will be used for evaluating progress of prevention activities as well as for assessing needs, and 2) pre- and post-tests for selective and indicated interventions that focus on individuals

\*Survey instruments and related services, separate in this example, may be a package purchase in some instances.

**Typical Line Item Cost: Purchase evaluation instruments and protocols from intervention developers**

**EXAMPLE:** Developers' prices for Strengthening Families; Lifeskills; Reconnecting Youth; Prime for Life evaluation

**\$1,850.00**

**Typical Line Item Cost: Purchase KIP sample survey questionnaires**

**EXAMPLE:** 4,800 questionnaires @ \$.50 each. (A 4,800-student sample will produce results at a 95% confidence level, plus or minus 5%, reliably representing all students in grades 6, 8, 10 and 12 in each of this region's 9 counties.)

**\$2,200.00**

**Typical Line Item Cost: Subcontracted activities in support of evaluation, needs assessment, plan/budgeting, EXAMPLE**

<b>Subcontracted Activities</b>	<b>Cost</b>
1. Data entry services for survey questionnaire and intervention instruments	\$1,100.00
2. Analysis/evaluation of school survey data and final report preparation (Community college faculty are donating time worth an additional 1,150 for survey processing and analysis—see In-Kind Support under Revenues below)	1,650.00
3. Needs analysis of school survey data and preparation of updated assessment	950.00
4. Analysis/evaluation of intervention data and final report preparation	2,200.00
<b>Total Subcontracted Activities</b>	<b>\$5,900.00</b>

**Typical Line Item Cost: Meetings for new-year planning and budgeting**  
**EXAMPLE:** Comparing community strategy to evaluation of programs' progress and updated assessment of needs (room rental and refreshments for town meetings in 6 counties @ \$200 = \$1,200, and 8 coalition strategy/planning/budgeting sessions @ \$80/session = \$640) **\$1,840.00**

**Subtotal Evaluation, Needs Assessment & Planning: \$11,990.00 total cost**

**c) Category: Support (Facility, Office, Equipment)** These support costs represent continuation of current year outlays. No inflation is added. The only change involves purchases to replace old costly equipment items and replenishing our supply of brochures, as noted below.

**Typical Line Item Cost: Floor space**  
**EXAMPLE:** 1,876 square feet x \$10 per square foot annual lease price **\$18,760.00**

**Typical Line Item Cost: Utilities**  
**EXAMPLE:** Electricity/water/sewer bill averages (\$180/month x 12) **\$2,160.00**

**Typical Line Item Cost: Telephone, fax and Internet**  
**EXAMPLE:** Bills averaging about \$247 monthly cover 3 phone lines, 1 fax line, Internet connection fee, flat-fee "local dialing" extending to most counties in the region, and include average \$125 long distance calls per month. (\$247.50 x 12) **\$2,970.00**

**Typical Line Item Cost: Office Equipment Purchases (one-time cost)**  
**EXAMPLE**

<b>Equipment</b>	<b>Cost</b>
1. New copy machine	\$5,226.00
2. New fax machine replacing unreliable 10-year-old fax	1,200.00
3. Easel and tape recorder for Champions meetings	125.00
<b>Total Equipment Purchases</b>	<b>\$6,551.00</b>

**Typical Line Item Cost: Office equipment repair/maintenance**

**EXAMPLE:**

Based on frequent down-time experienced with the old copier and fax being replaced with this budget, this average \$59/month is considered a bargain for avoiding serious disruptions of prevention activities. Single-vendor warranty covers both parts and labor for first five years of the new copier, first two years on the fax machine.

**\$714.00**

**Typical Line Item Cost: Office supplies**

**EXAMPLE:** Computer/copier ink and toner cartridges \$1,300; paper (regular and special) \$1,200; general disposable office supplies (pens, file folders, name tags, miscellaneous small supplies) \$300

**\$2,800.00**

**Typical Line Item Cost: Postage and shipping**

**EXAMPLE:** Estimated based on prior 12 months actual shipping/mailing costs

**\$945.00**

**Typical Line Item Cost: Vehicle cost(s), if any**

**EXAMPLE:** Reimburse cost of volunteers use of personal vehicles to help administer the school survey (1600 miles aggregate for region at \$0.25/mile)

**\$400.00**

**Typical Line Item Cost: Janitorial services and building maintenance, if applicable**

**EXAMPLE:** This item, formerly budgeted under Operating, has been moved. The Regional Prevention Center is co-located within the CMHC building; therefore, janitorial, insurance, and comparable general indirect overhead costs that are equally applicable for all activities within the building and distributed among all CMHC programs are now budgeted in Indirect Cost below.

**Subtotal Support: \$35,300.00 total cost**

**TOTAL OPERATING COST.....\$98,875.75**

**(34% of \$293,654 Total Budget)**

**3. INDIRECT COST ADD-ON**

**\$24,519**

**Indirect costs in this budget sample (not exhaustive) are:** fiscal services (payroll, accounting, financial reporting, budget preparation assistance); personnel management; auditing; legal services; automated data support services; executive supervision, administration and ombudsman, as applicable; janitorial; insurance (building/grounds, contents, liability). These general overhead costs are distributed pro-rata among all programs of this organization including prevention.

**\*CMHCs** Indirect cost computation for prevention programs administered/funded through CMHCs:

\$293,654 potential allocation divided by 9.11% allowable Indirect Cost rate [expressed as 1.0911] = minimum \$269,136 available for Direct Costs (Personnel and Operating combined);  
\$293,654 total minus \$269,135 direct costs = maximum \$24,519 available for Indirect Costs.

\*This example is relevant for a CMHC applicant with regional indirect cost rate of **9.11%** of “**direct costs**” (the Department computes a unique rate for each CMHC region). As a percent of “**total budget**,” this \$24519 is 8.35% of total. State limitation on indirect administrative cost as a percent of total budget is a written contracting policy of the Cabinet for Health Services: “The Cabinet shall limit payment to contractors for indirect administrative cost to no more than ten percent (10%) of the contract total. For the purposes of this provision, contract total means actual, allowable expenses reimbursed by the Cabinet.”

<b>TOTAL EXPENDITURE BUDGET = \$293,654</b>
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## EXAMPLES OF LOCAL REVENUES

### Local Cash Funding

SOURCE	AMOUNT	PURPOSE
RPC share of Assets Fund interest earnings	\$1,500	General substance abuse prevention, as needed
Mountain County Fiscal Court	\$240	Appropriated \$20/month for Internet connection
Brightleaf Counties United Ruritan Clubs	1,000	Donated for marijuana/tobacco use reduction
Farm County Board of Education	1,800	Title IV advanced for prevention consultations
BigWidget Industries, Inc	2,800	Support cost of Prime For Life for Adults

**Total Cash Contributions:                      \$7,340.00**

**In-Kind Support:** We are pleased to report additional local support for our work plan has been committed in the form of contributions with collective total value of \$12,400. Sources and purposes of these in-kind resources are:

SOURCE	AMOUNT	PURPOSE
WPEW Radio, Inc	\$4,000	Donated radio time for daily prevention PSA's
Fred's Fine Used Cars & 4-Wheelers	2,000	Sponsor 39 prevention spots at WPEW-TV
River County Board of Education	1,500	600 Sq. Ft (\$125/mo) donated for Champ office
Area Development District Office	800	Good used copy machine

**Total In-Kind Contributions:                      \$8,300.00**